



## LEGISLATIVE UPDATE

June 10, 2016

Budget negotiations between the House and Senate moved behind closed doors this week, after the House voted not to concur with the Senate budget proposal, [HB 1030](#). Lawmakers appointed as budget [conferees](#) began their work to reach a compromise and adopt a final budget. While there is no indication of how long this process will take, legislators continue to indicate a desire to finish the session and return home to their districts by the 4<sup>th</sup> of July.

The other big news of the week is the Senate moving forward on a new math bill, [HB 657](#), which would allow high school students a choice between integrated or traditional math course sequences; also, the House's consideration of a controversial charter school funding bill ([HB 539](#)). Both of these bills are summarized below. With the budget work having moved to the conferees, faster action on free-standing bills will likely occupy these next weeks.

### **Education-Related Bills**

#### [HB 242](#) Various Charter School Law Changes

On Wednesday, the Senate Education/Higher Education Committee gave its approval to HB 242, entitled "Various Charter School Law Changes." This bill would amend the processes for final approval of initial applications for charter schools, charter reviews and renewals, and material revisions of charters, among other changes. Under current law, the State Board of Education (SBE) is required to review charters once every five years; HB 242 would amend that requirement to at least one review before the expiration of the charter. It also allows the SBE to renew a charter for a period of less than 10 years (or decline to renew the charter) if the school is not meeting financial and academic benchmarks. The bill further amends the requirements for a material revision to allow the SBE to grant material revisions to charter schools that are proposing a capital expansion but do not meet the requirement that enrollment is within 10% of their maximum.

Furthermore, the bill would require the SBE to identify low-performing and continually low-performing charter schools annually. Under current law, a charter school with "inadequate performance" is one that has no growth in student performance and has annual performance composites below 60% in any 2 years of a 3-year period. Under this bill, a low-performing charter school is one that receives a school performance grade of D or F and a school growth score of "met expected growth" or "not met expected growth," while a continually low-performing charter school is one that has been designated as low-performing at least 2 of 3 consecutive years. If a charter school is continually low-performing, the SBE would be able to terminate, not renew, or seek applicants to assume the charter, except under certain conditions.

The bill also addresses the fast track charter application timeline, truncating the time to review the application from 150 days to 90 days. Lastly, the bill adds two new categories of students who could receive enrollment priority in charter schools. The bill now heads to the full Senate for a vote set on Monday night next week.

### [HB 539](#) Charter School Funding

On Thursday, the House Education Committee took up HB 539 “Charter School Funding” for *discussion only*. For anyone involved with public school funding in the state, this legislation has been a hot button bill for well over a year, perhaps even several years when considering the series of court cases on the issues involved. The bill had had no official action since September 2015; however, this week, the House Education Committee breathed new life into it for the first time this year. Whether this Committee will take the bill up for a vote next week is not yet known. The crux of the controversy deals with requiring LEAs to share the following funds with charter schools: 1) indirect costs, including federal child nutrition funds; 2) reimbursements (e.g., E-rate), except for Medicaid and Medicare; 3) sales tax revenues “regardless of how they are distributed[;]” 4) gifts and grants (unless given to a specific school, or stipulated that they shall not be shared with charters, or awarded or applied for prior to October 15, 2015); and 5) certain federal grants not restricted as to use made directly to LEAs. *See* Section 2, (e1) of HB 539, revising G.S. 115C-426.

Members of the Committee had an intense discussion with a host of questions about equity and funding for all public school students. They asked for the fiscal impact on students in sharing/not sharing the newly-delineated line items in the bill. Unfortunately, there were no answers with dollar amounts of the monies at issue, other than the Chair’s reiterated encouragement for legislators to talk with their local finance officers to determine the possible local impact. Members of the public also addressed the Committee speaking for and against the bill. For more information on this bill, please consult the General Assembly’s online [bill history](#) for HB 539, and please [contact](#) your representative and/or senator if you have any concerns.

### [HB 657](#) Math Standard Course of Study Revisions

HB 657 would require the State Board of Education to modify the high school mathematics course of study to provide students the option to choose between two different math tracks: the current integrated math sequence (Math I, Math II, and Math III) and the traditional math sequence (Algebra I, Geometry, Algebra II). The integrated math sequence courses combine the standards found throughout the traditional math sequence. This bill seeks to provide students and parents with the choice of which math pathway is best: integrated or traditional. The bill’s Senate supporters posit that this bill will give students the ability to learn math in a form they understand. Meanwhile, those who oppose the bill argue that providing students with a choice will be counterproductive, will require new appropriations, new math teachers, and could have administrative impacts. The bill does not require students to stay on the same math pathway all four years. Additionally, this bill will prohibit students from taking a Career and Technical Education course in place of a fourth credit in mathematics, unless otherwise indicated on a student’s IEP. The bill passed the Senate Education/Higher Education Committee and will be discussed next on the Senate floor for a vote.

## [SB 838](#) Medicaid Transformation Modifications

During the past month, the House has approved Exceptional Children's Directors' suggested language, which stipulates that the reorganization of Medicaid in North Carolina does not impact LEAs in relation to Fee for Service Billing, Cost Recovery, or Administrative Claiming (MAC). The Senate has taken a different approach, as they have included LEA billing as another in a list of programs not subject to capitation. Senators list LEA services specifically, such as Speech, OT, PT Audiology, and Nursing. Both approaches accomplish the same result for now in preserving LEA billing and not subjecting it to limitation beyond the IEP. The difference is that, over time, as more billable services are added in North Carolina for LEAs (such as special transportation), amending the list each time could be necessary under the Senate approach.

On the topic of adding more billable services, there is language currently included as a House budget provision asking DHHS to do a study. This will be used to determine which services can most reasonably be added for LEA billing. Typically, these could be things such as the cost of special transportation, personal attendants, orientation and mobility, administration/management of asthma, diabetes, and work with mental health. Therefore, they could be added to the list of services for LEAs, producing additional federal dollars at no cost to the state.

The Medicaid Waiver Application from North Carolina was submitted to the Centers for Medicare and Medicaid Services (CMS) on June 1<sup>st</sup>. There is the potential for about \$400 million in savings that could be realized by moving to a capitated system and refocusing on incentivizing wellness rather than paying for procedures. However, under the changes mentioned above, this should not apply to LEAs. There have been additional questions raised regarding how these changes may impact the CAP C system. Currently, that issue is being dealt with under a different amendment. In fact, DHHS has placed that process on hold in order to gather more information and gain a better sense of the issues. Overall, it looks like a positive outcome for public school children in the era of state Medicaid reform. The next step is the [conference committee](#) between the House and the Senate.

### **Other Relevant Bills with Action This Week:**

1. [HB 169](#) Regulatory Reduction Act of 2016
  - Placed on Senate Calendar for Monday, June 13, 2016
2. [HB 632](#) Student Online Protection Act
  - Signed by the Governor
  - Session Law – Ch. SL 2016-11
3. [HB 1030](#) 2016 Appropriations Act
  - House failed to concur with Senate version
  - House and Senate [Conference Committee](#) appointed
4. [HB 1074](#) Schools Test for Lead/HS Dropout Pilot Prog
  - Referred to the House Committee on Environment, if favorable, Health

5. [HB 1126](#) Red Light Cameras/City of Greenville
  - Passed the House, sent to the Senate
  - Referred to Senate Committee on Rules and Operations
6. [HB1133](#) Partisan Election/Transylvania Bd. of Ed.
  - Passed the House, sent to the Senate
7. [SB 536](#) Students Know Before You Go
  - Referred to House Committee on Education/Universities
8. [SB 575](#) NC/SC Original Boundary Confirmation
  - Referred to House Committee on Finance
9. [SB 727](#) Moore County Local Sales Tax Use Restriction
  - Referred to House Committee on Rules
10. [SB 867](#) Protect Students in Schools
  - Referred to House Committee on Judiciary IV, if favorable, Finance
11. [SB 881](#) Union County School Funding
  - Referred to House Committee on Local Government, if favorable, Education - K-12
12. [SB 888](#) Buncombe School Capital Fund Commission
  - Referred to Senate Committee on Finance

### **Committee Meetings/Session: June 13 – June 16**

#### **Monday, June 13**

- 1:00 PM Joint Legislative Program Evaluation Oversight Committee (PED), 544 LOB
  - Status of 2015-17 [Work Plan Projects](#)
  - Status of [pending legislation](#) recommended by PED
- 7:00 PM House Session
- 7:00 PM Senate Session

#### **Tuesday, June 14:**

- 11:00 AM 11:00 AM House Committee on Education – Universities, 643 LOB
  - SB 536 Students Know Before You Go
- 1:00 PM House Committee on Judiciary II, 421 LOB
  - HB 1007 Amend Occupational Licensing Boards Statutes

#### **Wednesday, June 15:**

- 1:00 PM Senate Committee on Finance, 544 LOB
  - SB 747 State-Owned Real Property Management/PED

**Contact Information:**

Rachel E. Beaulieu  
Department of Public Instruction  
Legislative & Community Relations Director  
919-807-4035  
[Rachel.Beaulieu@dpi.nc.gov](mailto:Rachel.Beaulieu@dpi.nc.gov)

Anne Murtha  
Legislative Specialist  
919-807-3403  
[Anne.Murtha@dpi.nc.gov](mailto:Anne.Murtha@dpi.nc.gov)

Arianna Allen  
Legislative Intern  
[Arianna.Allen@dpi.nc.gov](mailto:Arianna.Allen@dpi.nc.gov)

Robb Jansen  
State Board of Education  
Policy Analyst and Legislative Liaison  
919-807-3407  
[Robb.Jansen@dpi.nc.gov](mailto:Robb.Jansen@dpi.nc.gov)

Bailey Franklin  
Legislative Intern  
[Bailey.Franklin@dpi.nc.gov](mailto:Bailey.Franklin@dpi.nc.gov)